

**TWIN RIVERS UNIFIED SCHOOL DISTRICT**  
McClellan, California

**GRANT JOINT UNION HIGH SCHOOL DISTRICT**  
**MEASURE G GENERAL OBLIGATION BONDS**  
**PERFORMANCE AUDIT**  
June 30, 2012

TWIN RIVERS UNIFIED SCHOOL DISTRICT  
GRANT JOINT UNION HIGH SCHOOL DISTRICT

MEASURE G GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT  
June 30, 2012

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## REPORT OF INDEPENDENT AUDITORS

Board of Trustees and  
Measure G Citizens' Oversight Committee  
Twin Rivers Unified School District  
McClellan, California

We have conducted a performance audit of the Grant Joint Union High School District Measure G General Obligation Bond funds, as administered by Twin Rivers Unified School District for the year ended June 30, 2012.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure G General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Twin Rivers Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Twin Rivers Unified School District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects, Twin Rivers Unified School District expended Grant Joint Union High School District Measure G General Obligation Bond funds for the year ended June 30, 2012 only for the specific projects developed by Grant Joint Union High School District's Board of Trustees and approved by the voters and the Twin Rivers Unified School District Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

  
Crowe Horwath LLP

Sacramento, California  
January 29, 2013

TWIN RIVERS UNIFIED SCHOOL DISTRICT  
GRANT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE G GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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## LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

## GRANT JOINT UNION HIGH SCHOOL DISTRICT MEASURE G GENERAL OBLIGATION BONDS

On June 6, 2006, the electorate of Grant Joint Union High School District approved the \$230 million Measure G General Obligation Bonds, with greater than 55% of the votes in favor. The summarized text of the ballot language was as follows:

*"To build and renovate school libraries, install fire safety, upgrade electrical systems to support classroom computers, replace outdated plumbing, repair leaking roofs, build new classrooms to reduce overcrowding, and make other specified school facility improvements, shall Grant Joint Union High School District issue \$230 million in bonds, at legal interest rates, with independent citizen oversight, all funds benefiting local schools and no funds going to administrator salaries or the State?"*

The specified project list was attached to the original resolution as Exhibit A and included projects at the following sites within Grant Joint Union High School District:

- Don Julio Junior High School
- Foothill Farms Junior High School
- Martin Luther King Junior High School
- Norwood Junior High School
- Rio Linda Junior High School
- Rio Terra Junior High School
- Miles P. Richmond School
- Pacific High School
- Vista Nueva Campus
- Foothill High School
- Grant High School
- Highlands High School
- New High School/ Jr. High School/ North Natomas Education Complex

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(Continued)

TWIN RIVERS UNIFIED SCHOOL DISTRICT  
GRANT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE G GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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**GRANT JOINT UNION HIGH SCHOOL DISTRICT MEASURE G GENERAL OBLIGATION BONDS**  
(Continued)

- Rio Linda High School
- Maintenance, Operation, Transportation, Administration Complex
- Conversion of District Offices Complex to Educational Site
- Grant Skills Center
- McClellan Park Building #7
- Other Authorized Projects

On September 29, 2006, Grant Joint Union High School District issued \$55,000,000 of Measure G bonds with interest rates ranging from 4.0% to 5.0% and maturing on August 1, 2027.

On June 18, 2008, Grant Joint Union High School District issued \$33,998,991 of Measure G Bonds with interest rates ranging from 3.5% to 5.94% and maturing on February 1, 2033.

On April 7, 2009, Twin Rivers Unified School District issued \$29,092,440 of General Obligation Bond Anticipation Notes with interest rates of 5.75% and maturing on April 1, 2014.

Twin Rivers Unified School District was established effective July 1, 2008 through the merging of Del Paso Heights School District, Grant Joint Union High School District, North Sacramento School District and Rio Linda Union School District.

The financial activity related to the Measure G General Obligation Bonds is recorded in Twin Rivers Unified School District's Financial Activity Report for Fund 24. The Financial Activity Reports for District Funds 21 and 24 are combined to comprise Fund 21 (Building Fund) in Twin Rivers Unified School District's audited financial statements for the year ended June 30, 2012.

TWIN RIVERS UNIFIED SCHOOL DISTRICT  
GRANT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE G GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

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**OBJECTIVES**

The objective of our performance audit was to determine that Twin Rivers Unified School District expended Grant Joint Union High School District Measure G General Obligation Bond funds for the year ended June 30, 2012 only for the purposes approved by the voters and only on the specific projects developed by Grant Joint Union High School District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

**SCOPE**

Twin Rivers Unified School District provided to us a list of all Measure G General Obligation Bond project expenditures for the year ended June 30, 2012 (the "List"). A total of \$4,200,854 in expenditures from July 1, 2011 through June 30, 2012 was identified.

**METHODOLOGY**

We performed the following procedures to the List of Measure G General Obligation Bond project expenditures for the year ended June 30, 2012:

- Interviewed Twin Rivers Unified School District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Documented Twin Rivers Unified School District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed test to determine that Twin Rivers Unified School District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the expenditures list.
- Reconciled the list to total bond expenditures as reported by Twin Rivers Unified School District in Twin Rivers Unified School District's audited financial statements for the year ended June 30, 2012, presented as the Building Fund.
- Selected a sample of 25 expenditures totaling \$3,968,382 from Measure G. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects as developed by Grant Joint Union High School District's Board of Trustees.

**CONCLUSION**

The results of our tests indicated that, in all significant respects, Twin Rivers Unified School District expended Grant Joint Union High School District Measure G General Obligation Bond funds for the year ended June 30, 2012 only for the specific projects developed by Grant Joint Union High School District's Board of Trustees and approved by the voters and the Twin Rivers Unified School District Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.